Jim - please get a final copy with J.F + Steve Frank, then cut & paste one stock copy. TMO

MDRC GREENSHEET

6-10-96

SUBJECT: DISPOSITION OF TORRANCE FACILITIES/DAC TO MDRC

ROUTING	APPROVAL	DATE	REMARKS
Tom Overturf	Tom Overturf	6.10.96	
Steve Vogeding	S Vogeding	6/10/96	
Tom Motherway	[illegible]	6/11/96	
Steve Bisset	[illegible]	6/11/96	1) With the Nov 97 schedule associated relocation costs 7.5m + (Rom) for 1996 ~~2) MDA/C17 should sign off~~
Mike Cave	M Cave	6/11/96	
John Van Gels	John Van Gels	6-11-96	MDA/C17 + Prod. Support Geo Dist should sign - Nov 97 based on trade study of water tower -vs- MDTA WHSE
Mike Sears			
Dan Summers			
Steve Frank			
Bob Brand	R L Brand	6/14/96	
Jim Palmer			

1. An analysis prepared by MDC-HQ recommends that DAC vacate the Torrance facility by the end of 1997 to allow for the sale of the first 40 acres of the property. The report indicates that moving out of Torrance is substantially more cost effective than remaining. The analysis indicates a NPV saving of $45M.

2. In order for MDRC to sell the first 40 acres, this greensheet authorizes DAC to transfer the whole facility to MDRC at NBV. This transfer should occur no later than July 1, 1996.

3. DAC agrees to vacate all tenants/organizations from the Torrance facilities; the first 40 acres by August 1996 and the balance by current target date of November 1997 (including removal of remaining DAC equipment and personnel by December 31, 1997) which could be delayed by mutual consent to effect MDC savings. DAC agrees to pay any penalties incurred by MDRC as a result of any failure to meet these deadlines.

4. MDRC will charge DAC rent for space occupied at Torrance until DAC vacates the facilities at a rate equal to depreciation of the facilities occupied as well as property and related taxes, with other ownership and operating costs of buildings occupied by DAC or their tenants borne by DAC/tenants. Taxes & utilities for the 40 acre parcel vacated by DAC shall be borne by MDRC on a prorata basis.

5. MDRC will incur costs necessary to hold and prepare the property for sale, including asbestos and environmental costs up to $25M, which represents MDC's best estimate of site remediation. Any costs in excess of $25M will be borne by DAC if the Torrance redevelopment project is in a loss position that MDC must recognize.

6. MDRC will pay for reasonable 1996 moving costs that result in more costs than are included in the current 1996 Torrance budget in an amount not to exceed $1.5M. Relocation costs for 1997 and later will be budgeted and borne by DAC/tenants.

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June 27, 1996

MEMORANDUM OF AGREEMENT
BETWEEN
DOUGLAS AIRCRAFT COMPANY
AND
MCDONNELL DOUGLAS REALTY COMPANY

An analysis prepared by MDC-HQ has recommended that DAC completely vacate the Torrance facility in order to permit MDRC to initiate redevelopment of the property. This report concludes that evacuation of Torrance by DAC will result in a NPV cost savings of approximately $45M.

By means of a "Greensheet" dated June 10, 1996, which was circulated and executed by DAC, MDRC and certain MDC officers, DAC has been authorized to transfer the Torrance facility to MDRC. The transfer will be effective July 1, 1996, at the Net Book Value which will be reflected in the inner company accounts as of July 1, 1996. This property transfer will facilitate the sale of the initial forty (40) acre parcel to a third party.

DAC has shall vacate all tenants/organization from the Torrance facility: (i) the first forty (40) acres by August 1, 1996, and (ii) the balance of the property (130) acres by the current target date of November 30, 1997 (including removal of remaining DAC equipment and personnel by December 31, 1997). The parties further agree that the evacuation of the 130 acres could be delayed by mutual consent in order to effect MDC cost savings. To the extent DAC is unable to meet the above deadlines, DAC shall reimburse MDRC for any third party contractual penalties actually incurred by MDRC due to DAC's failure to timely vacate the Torrance facility. In addition, MDRC will pay for reasonable 1996 moving costs that result in more costs than are included in the current 1996 Torrance budget in an amount not to exceed $1.5M. Relocation costs for 1997, and later years, will be included in DAC's (and its tenants') operating plans and shall be borne by these parties.

From July 1, 1996 through the date of DAC's complete evacuation of the Torrance facility, DAC shall pay to MDRC as rent the equivalent of the depreciation costs of the facilities actually occupied by DAC and its tenants as well as property and other related taxes. All other ownership and operating costs of the facilities occupied by DAC and its tenants shall be borne DAC. To the extent any portion of the facility is under the exclusive control of MDRC (i.e., the forty acre parcel), taxes and utilities shall be borne by MDRC on a prorata basis.

MDRC will incur all costs necessary to prepare and hold the property for sale, including asbestos and environmental costs up to $25M (this figure represents MDC's best estimate of the cost of site remediation). Any costs in excess of $25M will be borne by DAC if the Torrance redevelopment project is in a loss position that MDC must recognize.

Subsequent to the execution of the MDRC Greensheet (dated June 10, 1996), MDRC was made aware of a lawsuit filed April 5, 1996 by some thirty tenants and property owners (past and present) located south and east of the subject property. This lawsuit named MDC and DAC, as well as twenty-six other corporations, alleging as cause of action nuisance, trespass, negligence, strict liability and intentional and negligent infliction of emotional distress. Inasmuch as MDRC is not a party to this legal action nor in title at the time the alleged tortious action took place, MDC/DAC shall indemnify and hold MDRC harmless from any and all costs and expenses in any way related to this complaint or any other lawsuit or liability related to DAC's possession of the property

This memorandum sets forth the basic terms of the working agreement between DAC, MDC and MDRC regarding the redevelopment of the Torrance Facility.

Michael J. Cave Vice President - Chief Financial Officer Business Operations Douglas Aircraft Company	Steven W. Vogeding Chief Financial Officer McDonnell Douglas Realty Company
Date:________________	Date:________________

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June 27, 1996

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BETWEEN
DOUGLAS AIRCRAFT COMPANY
AND
MCDONNELL DOUGLAS REALTY COMPANY

1. An analysis prepared by MDC-HQ recommended that DAC vacate the Torrance facility by the end of 1997 to allow for the sale of the first 40 acres of the property. The report indicates that moving out of Torrance is substantially more cost effective than remaining. The analysis indicates a NPV saving of $45M.

2. In order for MDRC to sell the first 40 acres a Greensheet executed by the parties (dated June 10, 1996) authorized DAC to transfer the whole facility to MDRC at NBV. This transfer will be effective July 1, 1997 at the Net Book Value which will be reflected in the inner company accounts as of July 1, 1996.

3. DAC agrees to vacate all tenants/organizations from the Torrance facilities; the first 40 acres by August 1996 and the balance by current target date of November 1997 (including removal of remaining DAC equipment and personnel by December 31, 1997) which could be delayed by mutual consent to effect MDC savings. DAC agrees to pay any penalties incurred by MDRC as a result of any failure to meet these deadlines.

4. MDRC will charge DAC rent for space occupied at Torrance until DAC vacates the facilities at a rate equal to depreciation of the facilities occupied as well as property and related taxes, with other ownership and operating costs of buildings occupied by DAC or their tenants borne by DAC/tenants. Taxes & utilities for the 40 acre parcel vacated by DAC shall be borne by MDRC on a prorata basis.

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7. Subsequent to the execution of the MDRC Greensheet (dated June 10, 1996), MDRC was made aware of a lawsuit filed April 5, 1996 by some thirty tenants and property owners (past and present) located south and east of the subject property. This action named MDC and DAC, as well as twenty-six other corporations, alleging as causes of action nuisance, trespass, negligence, strict liability and intentional and negligent infliction of emotional distress.

8. Inasmuch as MDRC is not a party to this legal action nor in title at the time the alleged tortious action took place, MDC/DAC shall indemnify and hold MDRC harmless from any and all costs and expenses in any way related to this complaint or any other lawsuit or liability related to DAC's possession of the property.

This memorandum sets forth the basic terms of the working agreement between DAC, MDC and MDRC regarding the redevelopment of the Torrance Facility.

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Michael J. Cave
Vice President - Chief Financial Officer
Business Operations
Douglas Aircraft Company

Date:___________________________

____
Steven W. Vogeding
Chief Financial Officer
McDonnell Douglas Realty Company

Date:___________________________

Concur:

____
James F. Palmer
Chief Financial Officer
McDonnell Douglas Corporation

Date:___________________________

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